

**STATEMENT OF CHAIRMAN LATOURETTE
RAILROAD SUBCOMMITTEE HEARING
Current Issues in Rail Transportation of
Hazardous Materials
June 13, 2006**

Good morning. This hearing of the Railroad Subcommittee will come to order.

Today's hearing is on the subject of transportation of hazardous materials, a class of substances ranging from non-toxic materials such as compressed nitrogen to highly toxic gases such as chlorine.

Most hazardous materials in the United States are transported by rail, and the primary reason is safety. Over the years, our nation's rail industry has had an admirable safety record and the railroads are constantly working to reduce the likelihood of accidents. Railroad tank cars are robustly designed and have been crash tested to minimize the possibility of an accidental release. And most importantly, railroad employees receive extensive safety training, which is the key to operating a safe system.

There is one other reason why shippers prefer to move hazardous materials by rail, a reason little known to the general public. Many people are surprised to learn that railroads have no choice in the matter. They are required by law to ship any and all hazardous materials at the request of any shipper. This is known as the "common carrier obligation."

The railroads, of course, purchase insurance to mitigate the financial risk of carrying hazardous materials, but this coverage is both expensive and limited in availability.

According to the Association of American Railroads, highly hazardous commodities constitute only 0.3 percent of total carloads, but account for fifty percent of the railroads' total insurance cost.

Due to the expense and lack of available coverage, most railroads are only able to insure a fraction of their net worth. For a smaller carrier, a single hazmat accident might force the company into bankruptcy.

This is why I want to explore new ways of handling the risk exposure for highly hazardous commodities. Liability for accidents involving nuclear material is already limited by the Price Anderson Act. Perhaps a similar system should be established for hazmat. Other alternatives might be a federal liability compensation fund, a national wrap-up insurance program or perhaps even a tort cap.

Hazardous materials are critical to the operation of many industries. For example, the fertilizer used by our farmers contains ammonia and the plastic in your child's toys may have been made from liquid plastic resins. These commodities are both shipped by rail.

Many water treatment plants use chlorine to purify drinking water or decontaminate sewage. Again, chlorine moves almost exclusively by railroad tank car.

But we must remember that the shipment and use of hazardous materials is not without risk. In the past several years we have had a number of tragic accidents where railroad employees and local residents were injured or killed in hazmat incidents.

While I favor taking all reasonable steps to reduce the risk to the public, I want to make it clear that I do not think allowing local municipalities to reroute trains is a good idea. The rail system is not as extensive as our highway system, and diverting a train from one urban area would just as likely send it through a number of other urban areas.

The routing of trains is best handled at the national, not local level, because when a city such as Washington, DC attempts to reroute trains moving through its local borders, there can be national impacts.

There is no railroad beltway bypassing Washington, and the cost of constructing such a track would be prohibitive. Rerouting over existing tracks would force shipments to travel hundreds of additional miles through dozens of communities. In some cases hazmat trains would be forced to use lesser quality tracks through more difficult terrain. And rerouting would create additional congestion on a national rail system already strained for capacity.

In the end, the disruption caused by rerouting trains might force more hazardous cargo onto our highway system -- a result in no one's best interest.

I believe that as far as hazardous cargo is concerned, the best route is the shortest route. We need to encourage railroads to work together to ensure that hazardous commodities are shipped as directly as possible, whether over the railroad's own tracks or those owned by another carrier. I hope that the Association of American Railroads will discuss this issue in their testimony today.

At today's hearing, I also want to learn what we are currently doing to reduce the risk to railroad employees and people living near the tracks, and what we need to do to prevent future tragedies.

In the end, we will all benefit from keeping hazardous cargo off the road and on a safe, efficient rail system.

Before yielding to Ms. Brown, I would like to request Unanimous Consent to allow thirty days for Members to revise and extend their remarks and to permit the submission of additional statements and materials by Members and witnesses.

Without objection.

Now I will yield to Ms. Brown for any opening statement she may have.

...